GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2201
ANSWERED ON:12.12.2008
LOANS FOR AGRICULTURAL IMPLEMENTS
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Will the Minister of FINANCE be pleased to state:

(a) whether the State Bank of India (SBI) has issued a circular in the recent past directing all its branches not to issue loans for tractors and other agricultural implements;

(b) if so, the details of the circular; and

(c) the corrective measures taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) to (c) : State Bank of India (SBI) vide circular No. ABU/Pd&M-4/Cir-02/2008-9 dated 16th May, 2008 had issued a direction to the branches that the distressed farmers having tractor loan accounts with high over dues could avail benefits under the Agriculture Debt Waiver and Debt Relief Scheme.

In the same circular, the bank also put on hold financing new tractor and farm mechanization activities viz. Power Tiller, Combine, Harvester etc. in view of very high overdues in this sub-segment of agriculture advances. This decision was to be reviewed based on the progress achieved in reduction of overdues, in due course. SBI, however, vide Circular No. ABU/PD&M-4/Cir-03/2008-09 dated 21st May, 2008 withdrew this direction with immediate effect and directed the branches to continue financing these activities as per extant guidelines.